Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 ISLAMA 01723 01 OF 02 190817Z

15
ACTION EB-11

INFO OCT-01 NEA-11 ISO-00 L-03 COME-00 TRSE-00 OMB-01

CIAE-00 INR-10 NSAE-00 PA-04 RSC-01 PRS-01 SPC-03

SAM-01 EUR-25 DRC-01 /073 W
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R 190726Z FEB 74
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 3405
INFO USIA WASHDC

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 1723

FOR IMV/INA INFO

E.O. 11652: N/A
TAGS: BDIS
SUBJ: GOP AND MPEAA DIFFERENCES ON IMPORTATION OF
AMERICAN FILMS

SUMMARY: GOP HAS DISCUSSED WITH EMBASSY DE-
BLOCKING OF MPEAA FUNDS AND ITS UNHAPPINESS OVER
DISAGREEMENT WHICH IS NOW APPARENT ON IMPORTATION
OF FULL FEATURE FILMS INTO PAKISTAN. DIFFERENCES
OF VIEWS REVOLVE OVER (A) EXCLUSIVITY OF IMPORTA-
TION RIGHTS AND (W) MANNER OF PAYMENTS. GOP
REQUESTS THAT USG USE ITS GOOD OFFICES WITH MPEAA
FOR A BETTER UNDERSTANDING OF PAKISTAN REALITIES
IN LIGHT OF GOP SINCERE DESIRE TO IMPORT IN EVER
INCREASING NUMBERS AMERICAN FEATURE FILMS FOR
THEATERS AND TV.

1. GOP MFA DIRECTOR GENERAL, EXTERNAL PUBLICITY S.M.
HUSSEIN CALLED IN PUBLIC AFFAIRS COUNSELOR TO DISCUSS
PRESENT NEGOTIATIONS (ON FILM IMPORTATION POLICIES)
BETWEEN PAKISTAN AND MOTION PICTURE EXPORT ASSOCIATION
OF AMERICA.
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PAGE 02 ISLAMA 01723 01 OF 02 190817Z

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

2. AS BACKGROUND, GOP OFFICIAL STATED THAT DURING PRIME MINISTER'S US VISIT YUSUF BUCH, SPECIAL ASSISTANT FOR INFORMATION TO PM, MET WITH JACK VALENTI AND SIGNED AN AGREEMENT REPATRIATING 14 MILLION BLOCKED RUPEES. THIS BLOCKED ACCOUNT HAD BEEN CONSTANT IRRITANT AND UNRESOLVED PROBLEM DATING BACK MANY YEARS. FYI IN PRIVATE CONVERSATIONS AT ISLAMABAD, EMBASSY AND USIS OFFICERS ALWAYS GENTLY URGED GOP TO RESOLVE THIS ISSUE. YUSUF BUCH, K. SHAHID HOSAIN, AND JALALUDDIN AHMED FORMER CHAIRMAN OF FILM CENSOR BOARD WERE THE THREE PAK OFFICIALS PUSHING FROM GOP SIDE TO REACH ACCOMMODA-TION WITH MPEAA. END FYI. WITH PRIME MINISTER'S BLESSING YUSUF BUCH TOOK THE INITIATIVE AND SIGNED THE REPATRIATION OF FUNDS AGREEMENT. (EMBASSY DOES NOT HAVE COPY OF AGREEMENT).

3. HUSSEIN STATED THAT AT SIGNING IT WAS MR. BUCH'S UNDERSTANDING THAT MPEAA WOULD ENTER INTO RENEGOTIATION WITH GOP CONCERNING REGULARIZATION IMPORTATION OF AMERICAN FILMS IN A POSITIVE WAY.

4. FIRST MEETING BETWEEN PAK CONSUL GENERAL (NEW YORK) AND JACK VALENTI AND GEORGE C. VEITHEER, PRESIDENT AND VICE PRESIDENT MPEAA RESPECTIVELY, WAS DISAPPOINTMENT TO GOP.

5. DIFFERENCES OF VIEWS EXPLAINED AS FOLLOWS: MPEAA IS NOT PREPARED TO DEAL EXCLUSIVELY WITH SINGLE GOVERNMENT AGENCY, NATIONAL
FILM DEVELOPMENT CORPORATION (NAFDEC),
BECAUSE AGENCY WOULD BE MONOPOLISTIC AND THAT MPEAA'S INTEREST WOULD BE JEOPARDIZED. MPEAA RAISED NO OBJECTIONS TO THE GOVERNMENT AGENCY BEING USED AS A

FUNNEL TO IMPORT FILMS, AND CLEAR THEM THROUGH CUSTOMS FOR WHICH CORPORATION WOULD CHARGE FEE FOR ITS SERVICES. MPEAA, HOWEVER, INDICATED THAT IT WANTED THAT DIRECT CONTACT, FOR SHOWING OF FILMS, TO PRIVATE DISTRIBUTORS. MPEAA WILLING DEAL WITH NAFDEC AS MERELY ONE OF THE BUYERS AND DISTRIBUTORS. MPEAA SAID THAT THIS WAS ALSO LIMITED OFFICIAL USE

STAND THEY WERE TAKING VIS-A-VIS INDONESIA, SRI LANKA AND INDIA. SECOND, MPEAA EMPHASIZED THAT ALL RENTALS OR PURCHASES OF FILMS SHOULD BE PAID FOR PRIOR SHOWING OF FILMS IN PAKISTAN.

6. THE GOP POSITION AS STATED TO MPEAA IS: QUOTE THAT GOP CAN STATE FIRMLY THAT THIS (ELIMINATION OF PRIVATE SECTOR IN DISTRIBUTION AND EXHIBITION IS NOT OUR (GOP)

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

INTENTION, AND THAT WE (GOP) WILL BE HAPPY TO OFFER ALL MPEAA PRODUCTS TO PRIVATE DISTRIBUTORS AND EXHIBITORS ON RATIONAL TERMS UNQUOTE. GOP MAINTAINS THAT NAFDEC WILL IMPORT FILMS, CLEAR THEM WITH CENSORS AND THEN PARCEL FILMS OUT TO PRIVATE RPT PRIVATE DISTRIBUTORS WITHIN PAKISTAN. NAFDEC ALSO RESERVES THE RIGHT TO ACT AS ONE OF THE DISTRIBUTORS. THE GOP'S POSITION ON SECOND POINT OF DIFFERENCE WITH MPEAA IS THAT PAYMENT OF RENTALS OR OUTRIGHT PURCHASES OF FILMS SHOULD BE ON AN AGREED SHARE OF BOX OFFICE RECEIPTS. HERE GOP IS FLEXIBLE AND STATES THAT MPEAA WOULD BE ACCORDED QUOTE MAXIMUM PERCENTAGE POSSIBLE UNQUOTE. GOP AWARE THAT MPEAA/UAR ARRANGEMENT IS 60/40 PERCENT, WITH MPEAA GETTING LION SHARE OF PROCEEDS. DIR-GEN HUSSEIN ALSO STATED THAT PREVIOUS GOP/MPEAA ARRANGEMENT HAD BEEN PREDICATED ON PERCENTAGE BASIS AND PAYMENT WAS MADE FROM BOX OFFICE RECEIPTS.

7. GOP OFFICIAL STATED THAT MPEAA MUST ACCEPT FACT THAT NAFDEC IS GOVERNMENT ORGANIZATION DEALING WITH FILMS AND THAT NO PRIVATE FILM DISTRIBUTORS WILL BE ALLOWED TO DEAL DIRECTLY WITH ANY FOREIGN PRODUCER ON QUTSTIONS OF IMPORTING FILMS. ARRANGEMENTS SIMILAR TO THE ONE OFFERED MPEAA HAVE BEEN MADE WITH ANGLO-EMI (BRITISH) AND REGAN SERVICE (FRANCE) AND NEGOTIATIONS ARE NOW GOING ON WITH WEST GERMANY, SWEDEN AND ITALY.

8. GOP DIR-GEN ALSO STARED THAT USG SHOULD BE AWARE THAT USSR HAS BEEN MOST COOPERATIVE AND WISHES TO SUPPLY FILMS AT QUOTE THROW-AWAY PRICES AND PAYABLE IN RUPEES UNQUOTE. DIR-GEN SAID THAT GOP ON BALANCE WANTS TO IMPORT AN EVER-INCREASING NUMBER OF AMERICAN FILMS SO THAT PUBLIC WOULD BE FREE TO JUDGE RELATIVE MERITS
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PAGE 04 ISLAMA 01723 01 OF 02 190817Z

OF FILMS.

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PAGE 01 ISLAMA 01723 02 OF 02 190756Z

15

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD 1723

INFO FOR IMV/INA

9. DIR-GEN SAID THAT GOP VIEWS MPEAA AS INDEPENDENT AND POWERFUL AMERICAN PRIVATE ORGANIZATION BUT HE THOUGHT A WORD FROM THE ADMINISTRATION MIGHT BE IN ORDER ON UNDESIRABILITY OF NOW SHOWING US FILMS.

10. PUBAFF COUNSELOR STATED THAT GOP'S VIEWS WOULD BE DISCUSSED AT EMBASSY AND RELAYED TO WASHINGTON, BUT HE ALSO CAUTIONED THAT AS DIR-GEN WAS AWARE MPEAA AS PRIVATE US ORGANIZATION PRIZES ITS INDEPENDENCE AND COULD EASILY RESENT USG INTERFERENCE. GOP OFFICIAL COUNTERED BY SAYING THAT MPEAA DID NOT HESITATE TO REQUEST USEMBASSY INTERCESSION IN GETTING BLOCKED FUNDS UNFROZEN.

11. COMMENT: EMBASSY AND USIS WERE VERY PLEASED BY THE UNBLOCKING OF FROZEN MPEAA RUPEES FUNDS. UNDER LEADER-SHIP OF BUCH, HOSAIN AND AHMED, AMERICAN FILMS HAVE BEEN IMPORTED IN LARGE NUMBERS AND SHOWN IN THEATERS, AND TV. UNDERSTANDABLY BUCH AND HOSAIN VERY DISAPPOINTED OVER MPEAA STAND. (AHMED OUT OF COUNTRY) THEY FEAR THAT POLITICAL OPPONENTS WHO HAVE BEEN PRESSING FOR SO-CALLED "SOCIALIST" SOLUTION TO FEATURE FILM PROBLEM MIGHT GET LIMITED OFFICIAL USE

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PAGE 02 ISLAMA 01723 02 OF 02 190756Z

UPPER HAND. GOP OFFICIAL WAS FIRM TO SAY THAT NO DOORS HAVE BEEN CLOSED AND HOPES TO CONVINCE MPEAA OF ITS POSITION AND WISHES DEFINITELY TO REACH COMPROMISE SATISFYING BOTH. PAK CONGEN HAS BEEN INSTRUCTED TO CARRY ON NEGOTIATION CONVERSATIONS WITH MPEAA. HOSAIN WHO IS WEARING TWO HATS, MANAGING DIRECTOR OF NAFDEC AND DIRECTOR GENERAL OF PAKISTAN RADIO CORPORATION, MIGHT ASSUME RESPONSIBILITY OF NEGOTIATIONS HIMSELF.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

EMBASSY AND USIS WISHES RECOMMEND THAT DEPARTMENT AND AGENCY USE ITS GOOD OFFICES WITH MPEAA OUTLINING IMPORTANCE OF CONTINUING FLOW OF GOOD AMERICAN FILMS INTO PAKISTAN. IN CONFIDENCE, HOSAIN TOLD PAO THAT PRIVATE PAKISTAN DISTRIBUTORS ARE UNHAPPY ABOUT NAFDEC BECAUSE IN IMPORTING QUALITY FILMS OVER THE CHEAP, SEXY, AND GORY EUROPEAN AND AMERICAN FILMS, THAT THE PROFITS WILL BE REDUCED IMMEASURABLY. HOSAIN SAID THAT GOP PREFERS GOOD AMERICAN FILMS AND IS DETERMINED TO MEET PUBLIC NEED.
BYROADE

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